

**GOVERNOR HUCKABEE SIGNS INCOME TAX BILL ADOPTING  
RECENT FEDERAL TAX LAW CHANGES REGARDING IRA's,  
DEFERRED COMPENSATION, AND RELATED RETIREMENT PLANS.**

For immediate release  
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LITTLE ROCK – Governor Huckabee has signed legislation that adopts the federal income tax changes for IRA's Deferred Compensation Plans, and related Retirement Plans, made pursuant to the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA). Act 218 of 2003 readopts federal law regarding contributions to and taxation of various retirement savings accounts, plans, and programs. This will allow Arkansas taxpayers to take advantage of increased annual contribution limits for IRA's 401(k), 403(b), 457 and SIMPLE plans for state income tax purposes. The Act also readopts federal law regarding the taxation of educational IRA's (IRA's established to provide funds for post-secondary education), and allows Arkansas taxpayers to take advantage of increase annual contribution limits for educational IRA's for state income tax purposes.

The Arkansas income tax changes are effective for tax years beginning January 1, 2002 and later. Therefore, the changes affect income tax returns currently being filed. Information in the 2002 Arkansas income tax booklets asked taxpayers who had made contributions in excess of the old limits to refrain from filing their 2002 Arkansas return until the federal changes were adopted as Arkansas tax law. These returns may now be filed using the new, increased contribution limits.

"This will simplify tax return preparation and record keeping for all Arkansas taxpayers who participate in these plans, and for the tax professionals and companies that administer these plans" said Revenue Commissioner Tim Leathers.